GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:6250
ANSWERED ON:05.05.2000
FARMERS & TOBACCO GROWERS OF ANDHRA PRADESH
KINJARAPU YERRANNAIDU

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether farmers and tobacco growers of Andhra Pradesh have demanded to allow Foreign Direct Investment in the tobacco sector and permit foreign buyers to procure stock directly from the auction platforms ;

(b) if so, the reaction of the Government thereto ; and

(c) the steps taken to protect the interests of farmers from being exploited by Indian cigarette manufacturers ?

Answer

MINISTER OF COMMERCE & INDUSTRY

(SHRI MURASOLI MARAN)

a) to c): There have been demands from tobacco growers in Andhra Pradesh to allow Foreign Direct Investment in tobacco sector and to permit foreign buyers to participate directly at the auction platforms. The proposals for Foreign Direct Investment (FDI) in the tobacco sector are subject to the provisions of compulsory licensing under the Industries (Development & Regulation) Act, 1951. State Trading Corporation of India Ltd. (STC) has been directed to intervene in the Andhra Pradesh tobacco auctions as a measure to try and lend buoyancy to tobacco prices in a situation of over supply and encourage competition in the marketing of tobacco.